

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

) CASE NO: 22-33553-cml
)
)
) ALEXANDER E. JONES,) Houston, Texas
)
) Debtor.) Monday, January 23, 2023
)
) 2:02 P.M. TO 2:42 P.M.
-----)

) CASE NO: 22-60043-cml
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) FREE SPEECH SYSTEMS LLC,)
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) Debtor.)
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TRIAL

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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HOUSTON, TEXAS; MONDAY, JANUARY 23, 2023; 2:02 P.M.

(Call to Order)

CLERK: All rise.

THE COURT: Okay. Good afternoon, everyone. This is Judge Lopez. Today is December 7th. I'm going to call the 2 o'clock case. It's the case of Alexander Jones, 22-33553. We're on a status conference. The line is currently completely muted. Parties who wish to make an appearance and you think you may want to speak and you're online, I'm going to ask that you please hit 5*.

I'm also going to ask those who may be participating by video -- happy that you're able to do so, but just a friendly reminder that I still consider virtual court as an extension of this court, so I would ask that everyone please be mindful of your background.

Let me -- I'm just going to -- for the folks in the courtroom, I'm just going to unmute a few lines here just to make it a little easier, and then we'll see where we go. There is a last four digits 326 -- 7326. I'm going to unmute your line. Let's see. Okay, why don't we take appearances in the courtroom?

MS. STEPHENSON: Good afternoon, Your Honor.

THE COURT: Good afternoon.

MS. STEPHENSON: Christina Stephenson, Vickie

1 Driver, and Allison Gerard with Crowe and Dunlevy, and
2 Shelby Jordan from Jordan and Ortiz, for the debtor.

3 THE COURT: Okay. Good afternoon. Good to see
4 you.

5 MR. RUFF: Good afternoon, Your Honor. Jayson
6 Ruff and Ha Nguyen for the U.S. Trustee's Office.

7 THE COURT: Good afternoon.

8 MR. MOSHENBERG: Good afternoon, Your Honor. Avi
9 Moshenberg and Nick Lawson for the Texas plaintiffs, and
10 we're going to have David Zensky today speaking on behalf of
11 the Texas plaintiffs.

12 THE COURT: Okay. Mr. Zensky, have I unmuted your
13 line? And if not, I may ask you to hit 5* so I can unmute
14 you.

15 MR. ZENSKY: I believe you have, Your Honor. Can
16 you hear me?

17 THE COURT: Just fine, thank you. I'm going to
18 keep your line --

19 MR. ZENSKY: Thank you.

20 THE COURT: -- completely unmuted. I'm not going
21 to mute you, so just -- if you wouldn't mind, just monitor.
22 I'll keep you --

23 MR. ZENSKY: Absolutely, Your Honor.

24 THE COURT: Thank you. Anyone else in the
25 courtroom wish to make an appearance?

1 MS. FREEMAN: Good afternoon, Your Honor.

2 Elizabeth Freeman. I am the counsel for Melissa Haselden,
3 the Sub V trustee for Free Speech Systems. We are here to
4 observe and answer any questions, but we don't expect to be
5 participating today.

6 THE COURT: Okay. Good afternoon. Good
7 afternoon, Ms. Haselden. I see you there as well. Okay.
8 Let me turn to the virtual world. If anyone wishes to make
9 an appearance, why don't you hit 5*? All righty. There is
10 a, let's see, 9405 number.

11 MR. BATTAGLIA: Good afternoon, Your Honor. Ray
12 Battaglia for Free Speech Systems as well. I'm probably an
13 observer today.

14 THE COURT: Okay, thank you. Good to see you, Mr.
15 Battaglia. Anyone else wish to make an appearance? Okay.
16 People certainly can reserve their right to make an
17 appearance, but why don't we proceed? Thank you.

18 MS. STEPHENSON: Thank you, Your Honor. Thank you
19 for making the time for us to come in for this today.

20 THE COURT: My pleasure.

21 MS. STEPHENSON: We filed a petition for Alexander
22 Jones, or as he's better known, Alex Jones, on December 3rd.
23 We filed last night an initial status conference report, the
24 Docket 21 to give the Court and all parties in interest a
25 limited background and a preview of sort of where we are and

1 where we intend to go. We hope it was helpful for Your
2 Honor.

3 THE COURT: It was, thank you.

4 MS. STEPHENSON: We intend to run this case
5 quickly. We want to catch up with the Free Speech Systems
6 bankruptcy case, and I'll call that FSS, if that's all
7 right.

8 THE COURT: Completely fine.

9 MS. STEPHENSON: We want to engage in a
10 coordinated effort to communicate and avoid any duplication
11 of effort. As Your Honor may remember, the Free Speech or
12 FSS case is 100 percent owned by Mr. Jones.

13 THE COURT: Mm-hm.

14 MS. STEPHENSON: And FSS produces and syndicates
15 Mr. Jones's radio and video talk show. To this end, we
16 filed a motion for joint administration to try to reduce
17 unnecessary expenses and streamline issues where the two
18 debtors are aligned. We have not sought substantive
19 consolidation. The debtor also filed an emergency motion in
20 the FSS case, which Your Honor may have seen already.

21 THE COURT: I did see.

22 MS. STEPHENSON: That is an emergency motion to
23 modify certain lift stay orders to prevent judgements from
24 being entered at different times against FSS and Mr. Jones
25 in the underlying litigation so that we don't have different

1 appellant deadlines running, and also to avoid the automatic
2 stay being violated as to Mr. Jones.

3 We intend to file a motion for extension on the
4 deadline to file schedules and statement of financial
5 affairs so that the financial advisor can have an
6 opportunity to get in there and analyze records. We are
7 currently going back and forth with the United States
8 Trustee's Office to reach an agreed-upon length of time on
9 that.

10 THE COURT: Okay.

11 MS. STEPHENSON: The debtor intends to also
12 participate in mediation with FSS and the litigation
13 plaintiffs in the hopes that an amicable resolution can be
14 reached.

15 THE COURT: Okay.

16 MS. STEPHENSON: And mostly, Your Honor, we wanted
17 to come today and let the Court know that Mr. Jones intends
18 to proceed with this Chapter 11 case in the best interests
19 of the estate and the creditors, and fulfill his obligations
20 in pursuit of a fair and reasonable compromise and
21 settlement. Thank you.

22 THE COURT: Thank you. Is Mr. Jones available
23 online, or --

24 MS. STEPHENSON: He is not available online today,
25 Your Honor. He earlier had a family commitment that he had

1 to attend to.

2 THE COURT: Okay.

3 MS. STEPHENSON: Thank you, Your Honor.

4 THE COURT: I'm always available if folks need to
5 move hearings back or ask for an adjustment of time. I'm --
6 okay, so what do we need to do today? Is there any business
7 we need to conduct today?

8 MR. ZENSKY: Your Honor, David --

9 THE COURT: (indiscernible) -- Mr. Zensky, I just
10 have a couple of questions before I open it up, and this is
11 just me just trying to catch up. Somebody can provide me
12 just kind of a latest update as to where things stand in the
13 Texas litigation and the Connecticut litigation. Just a
14 10,000-foot level.

15 MS. STEPHENSON: We're post-jury verdict, pre-
16 judgement being entered in both cases, Your Honor.

17 THE COURT: Okay.

18 MS. STEPHENSON: And that is just flat procedural.
19 We -- we have (indiscernible) since Tuesday --

20 THE COURT: That's all I'm looking for.

21 MS. STEPHENSON: So, yes, thank you.

22 THE COURT: Okay, so post-verdict, pre-judgement.
23 Is there any timing folks are thinking about, or -- I'm
24 trying to understand your lift stay motion. That's where
25 I'm going.

1 MS. STEPHENSON: Your Honor, in the Free Speech
2 case, originally there was a motion for relief from stay and
3 an order entered that allowed that to go through judgement.
4 Your Honor, we think that the Alexander Jones case would
5 prevent judgement being entered against him under the stay,
6 so if a judgement is entered against FSS and Alex is not,
7 then we'll have two different appellant deadlines.

8 The other issue is that if a judgement is entered,
9 it does start that appellant deadline, and what we'd really
10 like to do is focus everyone's efforts on the mediation
11 instead of moving full speed ahead in an appeal, which is,
12 just from Mr. Jones's and FSS's perspective, necessarily
13 reducing from any recovery that could be recovered by the
14 plaintiffs. And so, it's just a bit of a vicious circle, so
15 we just feel like this -- this pause button that we're
16 getting in the stay is worth putting into the FSS case as
17 well so that we can all be, number one, running on the same
18 timeline, and number two, just not running the risk of
19 everybody spending a lot of money.

20 And if there is a resolution at mediation, it just
21 would moot the appeal, so we really feel like it's just a --
22 it's wasted time, money, and effort that really should be
23 put towards the best efforts in a mediation at this time.

24 THE COURT: Okay. Is there something that you're
25 seeking in terms of a mediation order different --

1 MS. STEPHENSON: No, Your Honor.

2 THE COURT: -- than what I've already entered? Or

3 --

4 MS. STEPHENSON: No, Your Honor. We -- we have --

5 Mr. Jones has seen himself as being subject to and

6 participating under that order.

7 THE COURT: Mm-hm.

8 MS. STEPHENSON: -- if we need to enter it in this

9 case. We don't feel like we need to, because we always felt

10 that we were part of that order.

11 THE COURT: Okay. And -- okay, and in terms of

12 timing on the emergency motion, when are you looking to come

13 back for that -- and joint admin, quite frankly?

14 MS. STEPHENSON: Certainly. I think a hearing

15 next week would be great, Your Honor. We just wanted to

16 make sure that -- and I think if plaintiffs' counsel is

17 noticed herein, that hopefully we'll all work together and

18 figure out what we're going to do with that motion for

19 relief from stay before anybody takes any efforts to sever

20 Mr. Jones in those actions and try to move forward with the

21 judgement against FSS.

22 THE COURT: Okay. Let me look.

23 MR. ZENSKY: Your Honor, could we be heard before

24 the hearing is scheduled on that issue, please?

25 THE COURT: No, no. I'm going to hear from

1 everyone. I'm just taking a look at my calendar. I wasn't
2 going to pick a date on that.

3 MR. ZENSKY: Thank you.

4 THE COURT: Yeah, quite frankly -- let me just
5 (indiscernible) the courtroom. Is there anything else you
6 wish to tell me?

7 MS. STEPHENSON: No, Your Honor. We did send out
8 an email last night -- it was about 4:30 -- asking the
9 plaintiffs if they agreed. I have heard that they do not
10 agree to that relief, so just wanted to be candid with the
11 Court that --

12 THE COURT: The relief in the motion to lift stay?

13 MS. STEPHENSON: Yes.

14 THE COURT: Okay.

15 MS. STEPHENSON: I did want to be candid with the
16 Court that we do expect an objection there, and I do
17 continue to hope that we can work through that and try to
18 reach a resolution before the hearing.

19 THE COURT: Okay, sounds great. Thank you.
20 Anyone else in -- anyone in the courtroom wish to be heard
21 on anything? Yes, sir.

22 MR. MOSHENBERG: I'll let Mr. Zensky speak from
23 the bankruptcy perspective, Your Honor, but I am counsel of
24 record in the tort actions by the Texas plaintiffs, so I
25 just wanted to clarify a couple nuanced issues.

1 The Court in the Neil Heslin and Scarlett Lewis
2 case that was tried in the summer --

3 THE COURT: Mm-hm.

4 MR. MOSHENBERG: -- had a hearing on November 22nd
5 to enter the judgement. At the hearing, the Court orally
6 said that she will enter the judgement. Before she had a
7 chance to sign the judgement, Your Honor, the bankruptcy was
8 filed. Procedurally, that's what's happened there, Your
9 Honor.

10 THE COURT: Okay.

11 MR. MOSHENBERG: And then, to be clear, the
12 Leonard Pozner case with Veronique De La Rosa -- that was
13 supposed to be scheduled against Alex Jones for late March,
14 but that was -- again, that was scheduled before the
15 bankruptcy had been filed.

16 THE COURT: Mm-hm. Mm-hm.

17 MR. MOSHENBERG: And then, for the estate of
18 Fontaine, Your Honor, that was scheduled for October, Your
19 Honor, so both of those (indiscernible).

20 THE COURT: October 2023?

21 MR. MOSHENBERG: Yes, Your Honor.

22 THE COURT: Okay. Okay, thank you.

23 MR. MOSHENBERG: Thank you.

24 THE COURT: Anyone else in the courtroom?

25 MR. RUFF: Just briefly, Your Honor. I understand

1 from Your Honor's comments that we'll probably be setting a
2 hearing on the joint administration motion as well.

3 THE COURT: I just haven't heard from Free Speech
4 as to what their perspective is. There's a CRO there, so I
5 would --

6 MR. RUFF: Yeah. We just --

7 THE COURT: I would need to hear from them, and
8 anyone else, quite frankly.

9 MR. RUFF: Yeah. We would just like the
10 opportunity for at least parties in interest to be able to
11 raise any concerns that we have. We have some concerns --

12 THE COURT: The motion. Everybody gets their --

13 MR. RUFF: Yeah --

14 THE COURT: Everybody's rights are preserved on
15 it. Yeah, I could -- today, no one has asked me for -- to
16 rule on anything or to consider anything today, so we'll
17 pick a date and we'll go forward for joint admin and
18 (indiscernible) because there's just separate counsel,
19 right? We have a CRO and FSS --

20 MR. RUFF: (indiscernible) proceedings. You know,
21 separate confirmation --

22 THE COURT: (indiscernible)

23 MR. RUFF: There's lots of issues to be --

24 THE COURT: Yeah. So, we've just got to pick a
25 date --

1 MR. RUFF: Okay.

2 THE COURT: And go from there, but maybe we pick
3 the same date -- maybe we pick the same date for joint admin
4 if we're going to come next week on a motion to lift stay.
5 And obviously, subject to what -- Mr. Zensky may tell me not
6 to do that, but at some point we'll need to pick a date for
7 those motions and any other motions that are coming.

8 MR. RUFF: Yeah, we have no opposition to being
9 heard at the same time, so --

10 THE COURT: Okay. Okay, thank you. Mr. Zensky,
11 let me turn to you.

12 MR. ZENSKY: Thank you, Judge Lopez. Is it okay
13 if I present to the Court from the table?

14 THE COURT: Absolutely.

15 MR. ZENSKY: Okay, thank you. This is my first
16 appearance in these cases before Your Honor, but as you
17 know, my firm has been involved from the outset in
18 representing both the Texas and Connecticut plaintiffs. We
19 filed our notice of appearance in this case and you've
20 granted (indiscernible) and other lawyers may come, so thank
21 you for that.

22 Mr. Brimmage, as you know, was involved in the
23 early stages and continues to be as well. My friend from
24 debtor's counsel has provided their initial perspective on
25 the case, so with the Court's permission, I'd like to

1 provide a few minutes of how the Texas and Connecticut
2 plaintiffs think about the Jones case and address certain
3 issues that were brought up in the initial presentation, if
4 that's okay.

5 THE COURT: Sure.

6 MR. ZENSKY: Yeah. We're just four days into the
7 Alex Jones case, so all of this is preliminary, but we see
8 four sort of dating issues or threshold issues about the
9 Jones case. The success of this case or the failure of it,
10 in our perspective -- in our view is going to turn on how
11 quickly and how close we get to full disclosure from this
12 debtor about all relevant financial matters, and one might
13 reasonably question whether that's possible.

14 We're here because Mr. Jones has stock in traded
15 lies, not truth, and to give one example, from the four
16 years of state court litigation where you got a different
17 answer depending on what day you asked the question, Judge
18 Bellis, the Connecticut trial judge, observed that the
19 corporate designee for Mr. Jones and FSS, who was supposed
20 to be ready to testify on their financial resources,
21 couldn't or wouldn't tell the parties whether the amount of
22 earnings that the debtor, Mr. Jones and FSS, had made in ten
23 years was 100 million or a billion. That was the level of
24 disclosure forthcoming in that case, and our clients remain
25 as skeptical, if not more, that they will get any closer to

1 the truth in this case. Without that, no Chapter 11 can
2 succeed, Your Honor, in our view.

3 Having brought the Chapter 11 and now subjecting
4 himself to the rules of bankruptcy, we will see. We will
5 hope, cautiously, that the debtor understands his
6 obligations of disclosure and go from there, and that
7 disclosure is not just about the contours of the estate as
8 it exists today. It includes after-acquired property, which
9 I'll touch on again in a minute, and of course all pre-
10 petition transactions and transfers that will be a keen
11 focus of the Sandy Hook families as basically this debtor's
12 only creditors, and a full and fair evaluation of that will
13 be paramount.

14 The second key that we see to the case, at least
15 at this stage, is asset retention. Mr. Jones is now a
16 fiduciary for the Sandy Hook families with respect to
17 maintaining, if not maximizing, his estate, and obviously,
18 he may not dissipate current assets or after-acquired assets
19 other than ordinary, of course, living expenses.

20 And I want -- I want to touch on donations, Your
21 Honor. It's our understanding that Mr. Jones's followers
22 have made more than \$10 million of donations to him in
23 response to the verdicts, which as you probably know he
24 publicly mocked as they were being read.

25 THE COURT: Mr. Zensky, let me tell you, I --

1 MR. ZENSKY: And under the code --

2 THE COURT: Mr. Zensky, let me just tell you, I do
3 a really good job of not following any of it, so anything
4 that you're telling me, I'm learning for myself. I've
5 really, really, really tried to avoid watching anything that
6 could -- affecting any of these cases. I just -- I just
7 thought it was my job to do so. So, just -- just clarifying
8 the record on that.

9 MR. ZENSKY: I appreciate that, Your Honor, and I
10 -- I understand completely. In any event, that is -- I'll
11 represent that is what actually happened, and donations have
12 flooded in. Those are property of the estate and, from our
13 perspective, may not be dissipated or done anything --
14 anything can be done with those donations that cannot be
15 done with property of the estate generally. We'll caucus
16 and confer with debtor's counsel, and if there's any
17 disagreement on that, we will make sure that one or both
18 parties bring on a motion quickly to get that issue
19 resolved.

20 The third point that we see is critical here, of
21 course, is going to be asset recovery. And our view, not
22 surprisingly, is that Mr. Jones has been insolvent at least
23 since the commencement of these litigations four years ago
24 in finding out where all the money that he has earned has
25 gone in those four years, whether by way of gifts or

1 secreting or whatever the case may be. It's going to have
2 to be examined, focused on and litigated as appropriate to
3 bring those assets back into the estate. Needless to say,
4 we don't view Mr. Jones as the proper player to conduct that
5 investigation, prosecute those avoidance actions or
6 preference actions and, if warranted, settle them. If a
7 committee is formed, it's our view that will certainly fall
8 to the committee to conduct and if a committee is not
9 formed, to individual creditors, meaning the Sandy Hook
10 families acting in a derivative capacity.

11 The last point I want to make before moving on to
12 the comments made prior is the nature of the claims here,
13 and from our perspective, Your Honor, it's clear that the
14 Sandy Hook family claims are non-dischargeable under the
15 express text of 523A(6). Mr. Jones's conduct was -- "caused
16 willful and malicious injury to another entity." Those are
17 the words of the discharge exemption. "Entity", of course,
18 includes a person and that is a main feature of this case
19 that we will bring on in adversary proceedings at the
20 appropriate time to establish that. We don't think there's
21 any doubt that the claims at issue here meet that standard
22 and as I am presumably informing the Court for the first
23 time, punitive damages were awarded in both cases, which
24 turned on the sort of conduct and standard that the code
25 exempts from discharge.

1 I know we're not here on FSS, but Mr. Battaglia is
2 here and Ms. Freeman. We'll be making the same application
3 in FSS. Although FSS is a corporate debtor, the discharge
4 provisions under Subchapter 5 are different than Chapter 11,
5 and a 4th Circuit case has established that, so we're not
6 here to argue it, but if we're giving previews of events to
7 come, this is an important one from our perspective.

8 So now, turning -- let me turn to the issue of the
9 modification motion for Mr. Jones's application to modify
10 the contingent lift stay orders that were entered in FSS.
11 So, as counsel told you, we have notified debtor's counsel
12 that we do plan to oppose the motion. Our clients are not
13 as concerned as Mr. Jones about the possibility of two
14 different timetables for appeal, but more important, we
15 think that the problem -- if there is a problem, it should
16 be solved the other way, that the same contingent lift stay
17 order should be entered in this bankruptcy case so that
18 judgements can be entered forthwith in both cases and the
19 two debtors can pursue their appeals now.

20 We were surprised by Mr. Jones's posture on this
21 issue as reflected in the motion. He believes and has said
22 he was treated unfairly by the state courts and that he has
23 valid grounds to eliminate or reduce these verdicts, but now
24 wants to put that off. We have no doubt the verdicts will
25 be sustained in full, and think there's no time like the

1 present for the appellant process to begin. So, we come at
2 this from the opposite side as debtor's counsel, and absent
3 any agreement on this, will file a motion in the Jones case
4 to enter the same sort of conditional lift stay order, and
5 that should be heard at the same time as the motion to
6 modify the lift stay in FSS with all respect, and that's why
7 I was asking to be heard before any sort of hearing was
8 scheduled.

9 There's also no emergency of any kind that we can
10 see that would have the FSS appeal deadlines get out in
11 front of the Jones appeal deadlines. There is still post-
12 trial motion practice left to be completed in Connecticut,
13 and even if judgements were entered against FSS today,
14 tomorrow, based on the fact the stay was lifted, the first
15 appeal papers would not be due for weeks or months. The
16 record would have to be compiled, so we're prepared to move
17 quickly, but we don't think we need a hearing on this issue
18 next week. We would suggest sometime the week after,
19 depending on the Court's schedule.

20 I heard counsel's argument that this is an issue
21 of preserving resources and I think she said a vicious
22 circle, which we would agree with, and preserving debtor
23 resources often has resonance with the Court and parties.
24 But here, those resources are going to our clients if not
25 spent on an appellant lawyer, and we'd just as soon have

1 them spend it on the appellant lawyer, subject to the court
2 ruling on the lift stay, and get that process started.

3 Let me just look at my notes, Your Honor, if I
4 may. With respect to the issue of mediation, we have been
5 engaged with Judge (indiscernible) based on the FSS
6 mediation order and will continue to do so. If Mr. Jones
7 files a mediation order in this case, of course, we'll
8 provide any comments and respond and either way, we
9 certainly will continue with Judge (indiscernible) in good
10 faith. We will evaluate any proposals that are made.

11 Our clients remain very skeptical, for the
12 reasons, principally, I discussed earlier about the
13 difficulty in getting full disclosure and the need for full
14 disclosure is equally if not more paramount to any potential
15 mediative solution as it is to contested planned
16 proceedings. That's what I have, Your Honor, unless you
17 have any questions for me, and I would invite my co-counsel,
18 Ryan Chapel, who is appearing today for the Connecticut
19 plaintiffs to add anything that I may have left out, or Mr.
20 Moshenberg, who is in the courtroom.

21 THE COURT: Okay. Mr. Zensky, I have no
22 questions. I appreciate the statements and the kind of
23 heads-up on what may be coming. I found it very helpful.
24 Thank you.

25 MR. ZENSKY: You're welcome, Your Honor.

1 THE COURT: Okay. Let's see. I just unmuted a
2 2814 number.

3 MR. CHAPPLE: That's me, Your Honor. Can you hear
4 me okay? This is Ryan Chapple.

5 THE COURT: Just fine, thank you.

6 MR. CHAPPLE: Thank you, Your Honor. Your Honor,
7 I don't have anything of substance to add other than what
8 Mr. Zensky put forth, but I would like to note that
9 Connecticut trial counsel, Alinor Sterling, is on the line
10 as well, and to the extent you have any -- and we will be
11 filing to the extent it hasn't be filed a motion to pro hoc
12 Ms. Sterling in as well -- but to the extent you have any
13 particular questions relating to the Connecticut litigation
14 that weren't answered, Ms. Sterling and myself are both here
15 and happy to try to assist the Court.

16 THE COURT: No, I -- unless there's something you
17 want to clarify in terms of where the stage is in the
18 Connecticut litigation at the 10,000-foot level, I -- I feel
19 like I'm comfortable with where things are.

20 MR. CHAPPLE: And I do not, Your Honor. I'll
21 certainly provide Ms. Sterling with the opportunity to, and
22 that's it.

23 THE COURT: Okay. All righty.

24 MR. CHAPPLE: Thank you.

25 THE COURT: Ms. Driver, when do you want to come

1 back for the hearing? I'm just looking at my schedule.

2 MS. DRIVER: Your Honor, Monday and Wednesday,
3 Thursday, and Friday are open for me.

4 THE COURT: And what would we consider taking up
5 at those times? Joint admin and --

6 MS. DRIVER: The stay --

7 THE COURT: And the stay.

8 MS. DRIVER: And actually, it would be Monday and
9 Friday, Your Honor. Co-counsel Shelby Jordan is actually --
10 we're both on Wednesday, so if we could look at Monday and
11 Friday, that would be helpful.

12 THE COURT: I'm in mediation all day on Wednesday
13 -- next Wednesday, so that's --

14 MS. DRIVER: Or Thursday.

15 THE COURT: Good. When do you anticipate filing
16 what I would call the schedule's extension motion?

17 MS. DRIVER: We're going to be filing that today,
18 Your Honor. We just wanted to, again, give -- we wanted to
19 give UST some time to look at it, so we've got their
20 position, we're going to get it filed, and we'll continue to
21 work with them to find a date that's agreeable to them.

22 THE COURT: Okay.

23 MS. DRIVER: Our -- just so the Court is aware,
24 our -- we have -- Mr. Jones has engaged BlackBriar advisors
25 Bob Schleizer and Harold Kessler as financial advisors, and

1 they've spent the last two days in meetings with folks
2 trying to get the information necessary, get the spigot
3 open, so to speak, to get that financial information and get
4 source documents, so a lot of the issues that Mr. Zensky is
5 concerned about related to Mr. Jones's voracity can
6 absolutely be wiped off the table because Mr. Schleizer as
7 an independent fiduciary won't have any sort of reason to
8 not cite us to source documents.

9 THE COURT: Okay.

10 MS. DRIVER: So, that's really the timing issue.
11 I just need to work with them.

12 THE COURT: I got it. I -- I think next Friday
13 the 16th would work for me. Two of the motions are
14 typically heard on 24 hours' notice, the joint admin and
15 schedules extension motions. So, I'll give everyone an
16 opportunity -- although, I am going to be interested in
17 hearing Mr. Battaglia, obviously Free Speech's, thoughts on
18 it, if any, on -- certainly on joint admin. That's just as
19 a matter of course. I think because there's an independent
20 CRO there, I need to -- it's only right for me to hear his
21 thoughts on that as well. And on the lift stay motion, I
22 think as well we can take that up.

23 I would require any -- no, I'm not going to
24 require any deadline on terms of objection. I think you
25 know -- you know what's coming, Ms. Driver. I would just

1 ask the parties, you know, realistically by -- you know, the
2 15th by, I don't know, 4 o'clock just in terms of a response
3 would be helpful for me. Just give me an opportunity to
4 prepare that evening and the next morning for it. Mr.
5 Zensky, if you file your motion -- realistically -- I'll let
6 you word it how you want, but I get what you're asking.
7 You're essentially -- why don't we just -- if what you're
8 asking is essentially the opposite, then I -- I'm going to
9 make the call one way or the other, so why don't you get
10 something on file maybe by Monday that we can all look at,
11 and then we'll take everything up on Friday.

12 I'm looking at my calendar. Would 1 o'clock work
13 for everyone? It can be --

14 MS. DRIVER: That works for our side, Your Honor.

15 THE COURT: Okay, and we can appear virtually.
16 That's fine with me.

17 MS. DRIVER: Thank you, Your Honor.

18 THE COURT: What else did we need to take care of
19 today?

20 MS. DRIVER: Your Honor, I just wanted to say one
21 thing. We -- one thing that we really want to do is we
22 understand and we've had lots of communications with the
23 Subchapter V trustee in the temperature in these cases
24 staying lower. So, one of the things that are offices are
25 trying to do is really just work with everybody as closely

1 as we can. I understand there's a lot of emotion in these
2 cases and I -- there's no way -- we're simply trying to use
3 the bankruptcy court for what it's used for. I file lots of
4 debtor cases and we're well aware of what debtors are
5 supposed to do in these cases. This is different. It's
6 complicated. It's -- can be heated, but I'm here as an
7 officer of the Court to do the best that I can, and to try
8 to move forward in a way that gets exactly what this
9 bankruptcy court needs, what the code requires, what the
10 rules require, and to try to work towards a resolution.

11 It disheartens me slightly that the plaintiffs are
12 ready for Mr. Jones to spend money on appeals rather than to
13 his client, because it just concerns me about their desired
14 resolution to this matter, because if it's not money, then
15 it begs the question if we -- if we have the ability to
16 settle and if everybody is ready to settle. So, I just --
17 I'm new, so I get to be a little bit of the newbie in the
18 room. I have faith in the system, and I came here and I
19 come here with our idea that we're going to work through
20 this process; we're going to work with the Sub V trustee,
21 we're going to work with FSS.

22 Mr. Battaglia and I have talked about the joint
23 administration motion and the stay motion and he had
24 indicated no opposition, so I just want Your Honor to know
25 that we are coordinating with those folks as best as we can.

1 We are drinking from a fire hose, but I also just wanted to
2 let you know that I do not have -- I do not want to go tit
3 for tat with Mr. Zensky on allegations, so I'm just leaving
4 that for another day because I don't feel this was an
5 evidentiary presentation, so I just -- what my -- I just
6 don't want anybody to take my silence as Mr. Jones's
7 position in agreeing to those matters. Thank you, Your
8 Honor.

9 THE COURT: Everybody's just staking the ground.
10 I got it.

11 MR. ZENSKY: Your Honor, it's Mr. Zensky. Can I
12 just add one comment?

13 THE COURT: Sure.

14 MR. ZENSKY: I hope counsel -- thank you. I hope
15 counsel did not take anything that I said as directed at
16 counsel. I think I was very clear that we have
17 (indiscernible) misgivings about the debtor. None of that
18 is directed at counsel, for the avoidance of any doubt.

19 THE COURT: I got it. So, Ms. Driver, when do you
20 -- do you think you can get that pleading done by Friday?
21 The schedule extension motion? Do you think you can get
22 that motion done by Friday, the schedule extension motion?
23 Okay, and we'll just -- we'll take it up at that time.
24 Anything else we need to talk about today? Anything else?
25 Mr. Jordan? Sure, come on up.

1 MR. JORDAN: Just very briefly -- this is a pure
2 protocol issue. When I came in today, one of the U.S.
3 marshals asked me, "Is Mr. Jones going to be here?" and
4 that's because it is not uncommon for there to be news
5 people, microphones and all these sort of things, and I
6 said, "No, he's not going to be here today," but that I
7 would see if I could arrange a way to notify his office, or
8 their office -- not his, not this particular marshal -- in
9 advance when he was going to be, so they would know. I
10 suspect they'll put stickers on the doors saying, "No
11 cameras. Don't come in unless you're -- for business," that
12 sort of thing.

13 And so, I'm just -- but I don't know how to do
14 that. I don't know who to talk to or whether I should just
15 simply notify your office for your office then to notify the
16 marshals that Mr. Jones will be here, but just the limited
17 amount of that kind of stuff is what I would like the Court
18 to know we want to address and certainly want you to have
19 some understanding of how that process has happened in the
20 past.

21 THE COURT: Okay.

22 MR. JORDAN: So, do you have any advice for me as
23 to who I should contact? I really don't want to do it
24 without -- without your office knowing.

25 THE COURT: If you just reach out to my case

1 manager --

2 MR. JORDAN: Okay.

3 THE COURT: Yeah, plenty of folks have come
4 through that door and I'm sure there's a process in place
5 for it all. I'm sure my case manager knows what it is.

6 MR. JORDAN: All right, I'll do that or have
7 someone (indiscernible).

8 THE COURT: Okay, thank you. Anything else we
9 need to talk about today? Okay.

10 MR. BATTAGLIA: Your Honor? Your Honor, this is
11 Ray Battaglia. May I be heard?

12 THE COURT: Absolutely, Mr. Battaglia.

13 MR. BATTAGLIA: Just a couple things. I filed a
14 motion requesting a hearing in connection with extending the
15 plan deadlines, which you had previously extended to the
16 16th, so that deadline expires before my hearings are set on
17 the 19th. If we could take that up on the 16th, I would
18 appreciate it and that way I don't have to worry about
19 whether or not the expiration of the deadline before the
20 entry of an order is an issue for me.

21 THE COURT: That's a good point. What date did I
22 -- did I put it expires on the 16th?

23 MR. BATTAGLIA: Yes, sir.

24 THE COURT: Oh. Maybe that's why I kept looking
25 at the 16th as -- yeah, why don't we take -- why don't we

1 take up that on the 16th, and I don't think you -- you've
2 already filed something. Why don't we take that up -- it
3 seems to me that it makes sense to provide a short extension
4 of the time. I think I've got to rule on some things and I
5 don't -- I'm probably going to have some questions about the
6 mediation just in terms of what happens now with an
7 additional party and where that goes. But I do think at
8 some point -- and we're getting close to the holidays. I
9 think a short extension is appropriate.

10 Let's just figure out what makes the most sense on
11 that to kind of keep the cases at least parallel for now,
12 then we'll see where that goes. So, Mr. Battaglia, yeah,
13 we'll hold a hearing in Free Speech on the extension of the
14 time to file the plan in that case. I think that makes
15 sense.

16 MR. BATTAGLIA: Thank you, Your Honor.

17 THE COURT: Okay. Mr. Battaglia, can you get a
18 notice out on that, just kind of a short notice of hearing
19 on that, today?

20 MR. BATTAGLIA: Of course.

21 THE COURT: Okay.

22 MR. BATTAGLIA: Of course.

23 THE COURT: And we'll set it for -- set it for the
24 same time. All right.

25 MR. BATTAGLIA: Fine, Judge.

1 THE COURT: Anything else?

2 MR. ZENSKY: Just --

3 THE COURT: Go ahead, Mr. Zensky.

4 MR. ZENSKY: As a house -- yes, thank you. As a
5 housekeeping matter, since we'll be filing the motion that's
6 seeking relief in the Jones case, I take it that we should
7 file a notice of hearing for the same time, same day?

8 THE COURT: Yeah, that makes sense to me. Yeah.
9 Thank you.

10 MR. ZENSKY: Thank you.

11 THE COURT: Okay. All right. At some point I'd
12 like to see Mr. Jones. I think it's important that he be
13 here, and I understand that today may not have been the day,
14 but I -- it's customary for a Chapter 11. And I'm not
15 saying -- I know you know this. Judges like to ask
16 questions and kind of make sure that everybody's on the same
17 page and that -- you know, kind of hearing some of the
18 thoughts. But it sounds like -- if I understand, the goal
19 of this case is to try to dual track it at some point and
20 catch up with where FSS is, although they're different in
21 Subchapter V and a regular Chapter 11, but the timing -- if
22 there's going to be a proposed resolution, to kind of have
23 global one, if I understand it. And some folks may agree
24 with that; some folks may not. File motions and I'll
25 consider them when they come. So, today is not the day for

1 me to consider anything. I -- today was just a day, it
2 sounds like, for me to just kind of get a little smarter on
3 the issues and we'll see where things go. So, it sounds
4 like I'll see everyone on the 16th. All righty. Thank you
5 very much. Have a good day.

6 CLERK: All rise.

7 (Proceedings adjourned at 2:42 p.m.)

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CERTIFICATION

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I certify that the foregoing is a correct transcript from
the electronic sound recording of the proceedings in the
above-entitled matter.

A handwritten signature in dark ink, reading "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style. The first name "Sonya" is written in a larger, more prominent script, followed by the middle initial "M." and the last name "Ledanski Hyde". The signature is centered horizontally within the line of text.

Sonya Ledanski Hyde

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Date: January 25, 2023